

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting : February 1, 2018

Item Number: 019

Neighborhood Housing and Community Development

Approve a resolution to be submitted to the Texas Department of Housing and Community Affairs by DMA Development Company, LLC, or an affiliated entity, supporting an allocation of low income housing tax credits for the proposed new construction, multi-family housing development to be called Talavera Lofts, located at the southeast corner of East 5th and Navasota Streets, and acknowledging that the City of Austin has more than twice the state average of units per capita supported by low income housing tax credits or private activity bonds at the time of application.

District(s) Affected: District 3

Lead Department	Neighborhood Housing and Community Development.
Fiscal Note	This item has no fiscal impact.
For More Information	Rosie Truelove, Neighborhood Housing and Community Development Director, 512-974-3064; David Potter, Neighborhood Housing and Community Development Program Manager, 512-974-3192.

Additional Backup Information:

If approved, this resolution will be submitted by DMA Development Company, LLC, or an affiliated entity, to the Texas Department of Housing and Community Affairs (TDHCA) with its application for competitive 9% tax credits for the new construction of affordable multi-family rental housing at the southeast corner of East 5th and Navasota Streets. The property is located in District 3.

Twice the State Average Per Capita

Texas Government Code, §2306.6703(a)(4), requires an applicant to obtain prior approval from the local governing body for an allocation of tax credits for a proposed housing development when the municipality has more than twice the state average of units per capita supported by housing tax credits or private activity bonds.

On July 27, 2017, TDHCA updated its Housing Tax Credit Site Demographic Characteristics Report, and with recent competitive and non-competitive awards of tax credits for Austin developments, Austin now has more than twice the state average per capita of tax credit and private activity bond-financed units. There are 172 cities in Texas that exceed twice the state average per capita.

The figures TDHCA used for Austin's population came from the 2010-2014 American Community Survey (ACS). The ACS population figure for Austin is 864,218 and the number of tax credit or bond-financed units in Austin is 16,237. TDHCA calculates the state average per capita rate to be 0.00932365 as of August 10, 2017. Twice the state average per capita rate is 0.0186473. According to TDHCA, the Austin per capita rate is more than twice the state average at 0.01878808 units per capita.

Proposed Development

90 Units in the following mix:

- 49 efficiency units 560 Square feet Estimated Rents: \$362-\$771
- 19 1-bedroom 685 Square feet Estimated Rents: \$384-\$822
- 12 2-bedroom/2-bath 990-1,038 Square feet Estimated Rents: \$451-\$977
- 10 3-bedroom/2-bath 1,195-1,250 Square feet Estimated Rents: \$512-\$1,119

Population Served

- 11 units will be reserved for persons with incomes at or below 30% Median Family Income (MFI); currently, \$17,100 for a single-person household and \$24,400 for a 4-person household;
- 57 units will be reserved for persons with incomes at or below 50% MFI; currently, \$28,500 for a single-person household and \$40,700 for a 4-person household.
- 22 units will be reserved for persons with incomes at or below 60% MFI; currently, \$34,200 for a single-person household and \$48,840 for a 4-person household.

Estimated Sources and Uses

<u>Sources</u>		<u>Uses</u>	
Tax Credit Equity	\$ 10,836,941.00	Acquisition	\$ -
Conventional Loan	\$ 1,800,000.00	Hard Costs	\$ 11,246,548.00
Local Government Loan	\$ 2,000,000.00	Soft & Financing Costs	\$ 2,626,866.00
Deferred Developer Fee	\$ 347,118.00	Reserves & Developer Fees	\$ 1,633,545.00
Fee Waivers	\$ 522,900.00		
		TOTAL	\$ 15,506,959.00
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Current Property Tax Status and Future Impact

The property currently has no tax exemption according to the Travis Central Appraisal District (TCAD). The applicant will have to apply to TCAD to determine if the property is eligible for any type of tax

exemption once it is developed.

The proposed development is located:

- **less than ½ mile** from an Imagine Austin Corridor,
- **less than ¼ mile** walking distance to high-frequency transit; and
- **less than ¾ mile** walking distance from a transit stop.

The Applicant

DMA Housing II, LLC is an affiliate of the DMA Development Company, LLC which was formed in 1999 by Diana McIver for the purpose of developing and owning affordable and market-rate properties. DDC has successfully developed 25 properties since 2000 which include workforce housing, senior housing, and supportive housing properties. The Austin Housing Finance Corporation was one of the lenders on DDC's Wildflower Terrace, a highly successful 201-unit mixed-income senior community in the Robert Mueller Municipal Airport re-development site. In November 2017, work was completed on a joint venture with AHFC known as Aldrich 51 Apartments, 240 units at the Robert Mueller Municipal Airport Redevelopment area.